OMERS
member news

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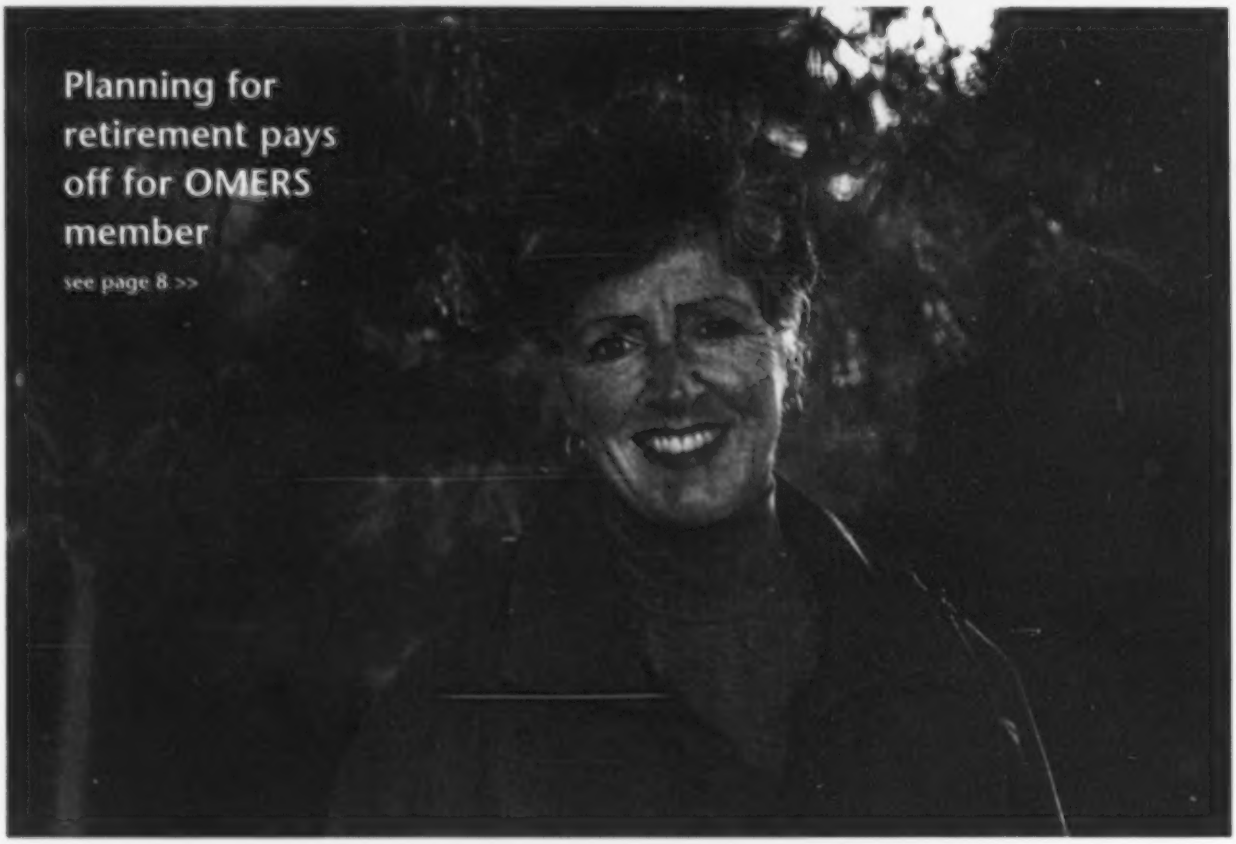

OMERS 2008 contribution rates are stable

OMERS contribution rates will remain stable in 2008 as a result of a July decision by the Sponsors Corporation (SC). Members contribute a percentage of their earnings to fund their future OMERS pension. Those contributions are matched by the employer and will remain at the current rates for 2008 (see page 2). These rates have been in effect since 2006.

Continued on page 2

OMERS member above, Carolyn MacDonald, Public Health Nurse, Region of Durham

OMERS
Plan for the Future

An OMERS pension will provide you with retirement income for life and includes inflation protection, early retirement options and survivor and disability benefits. *Member News* keeps more than 236,000 members up to date on plan news and benefits.

OMERS current contribution rates

Members with a normal retirement age:	Rate on earnings up to the CPP earnings limit (currently $43,700):	Rate on any earnings over the CPP earnings limit (currently $43,700):
65	6.5%	9.6%
60	7.9%	10.7%

These rates will remain in effect for 2008.

OMERS response to FSCO report

On August 8, 2007, the Financial Services Commission of Ontario (FSCO) released its report on its review of certain OMERS investment processes. OMERS is pleased with the outcome, and has made the full report and our response available online at www.omers.com.

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The OMERS Sponsors Corporation makes decisions on plan changes, contribution rates and when to file the actuarial valuation. The valuation is a report on the funding status of the plan, including the value of its future obligations and current assets, and required contributions.

Pension plans must file a valuation every three years. Valuations can also be filed more frequently on an annual basis. The most recent valuation filed by OMERS was as at December 31, 2006. The Sponsors Corporation has endorsed a recommendation by the OMERS Administration Corporation Board to await the requirement to file the December 31, 2007 valuation in 2008, and not to file an interim annual valuation report (which would have resulted in a contribution rate increase).

"This avoids any adverse impact on OMERS contribution rates for 2008," said SC co-chair Brian O'Keefe. "Rates will remain stable next year and we will await the next valuation to determine the funded position, and whether any rate increase is required in 2009."

"Our commitment is to continue to move towards the 'green zone' of full funding for the plan," said OMERS President and CEO Michael Nobrega. "Our strong investment returns and our diverse portfolio will support that objective."

The clicking craze at www.omers.com

Every month, about 55,000 visitors check out OMERS website.

Quick fact:

The average user spends 9 minutes on our site.

The most popular sections year-to-date are:

1. **Retirement Income Estimator** – estimates your future retirement income, including your OMERS pension, government benefits and income from savings.
2. **Customer service monitor** – shows our current service and turnaround times.
3. **Getting ready to retire** – prepares you for the next stage of life.
4. **Details about your plan**, specifically, the member handbook – covers all aspects of your OMERS membership.
5. **Our history** – takes you back in time to how OMERS began.

Data based on monthly statistics from January 2007 to September 2007.

OMERS seeks court direction on Sponsor costs

Special notice to members

OMERS Sponsors Corporation ("SC") and OMERS Administration Corporation ("AC") are working together to seek a determination from the Ontario Superior Court of Justice to determine which SC costs may be lawfully paid by the OMERS pension plans and the types of support that can be provided by the AC to SC.

The SC was established under the *OMERS Act, 2006* to make decisions on plan changes, contribution rates as well as when to file the actuarial valuation. This role was formerly the responsibility of the province. The SC Board consists of 14 members representing OMERS employers, members and retirees, and has been meeting regularly.

Under the *OMERS Act, 2006*, the AC retains responsibility for investments and administration of the OMERS pension plans. The AC is also required, among other things, to support the SC – for example, by providing reasonable administrative and technical support.

After careful consideration, the SC and AC Boards have recently developed a common position on the reimbursement of SC costs and the types of support that the AC can provide to SC that each Board believes to be in the interest of the OMERS pension plans as a whole. The Court application seeks a ruling that this common position complies with the *OMERS Act, 2006*. The total estimated cost for funding the SC's annual costs from the OMERS pension plans will be nominal on a per member basis.

The Court application will be heard on January 21, 2008 at 10:00 a.m. Members (active members, retirees, inactives or deferred vesteds), employers and unions and bargaining agents of the OMERS pension plan may participate in this application by serving a Notice of Appearance and filing such Notice of Appearance with the Court no later than December 14, 2007. Details on how to serve and file a Notice of Appearance are contained on the website at **www.omers.com**. You can also call the Client Services number to obtain further information.

To review the Court application materials prepared by the SC and AC, please visit **www.omers.com**. On the home page, see the "OMERS Updates" column.

Questions about this issue or your OMERS pension? Call Client Services at 1-800-387-0813 toll-free or 416-369-2444.

Revised Plan text available online

The Plan text is the legal document governing how the pension is administered. The Plan text was recently revised.

Background

- Section 40 of the *OMERS Act, 2006* authorizes the OMERS Administration Corporation (AC) to prepare a consolidation of the terms and conditions of the OMERS Primary Pension Plan (Primary Plan) 12 months after the *OMERS Act, 2006* went into effect.
- Effective April 30, 2007, the AC prepared an amended and restated text for the Primary Plan.
- The text has been registered by the Financial Services Commission of Ontario (FSCO).

Visit www.omers.com. The Plan text is in the Plan Governance section.

Moving? Tell your employer

When OMERS sends mail directly to you, we use the address provided by your employer. We count on your employer to have your current address. Please advise your employer of any changes.

OMERS offers flexible retirement options

Irene Dailide, Senior Information Officer, OMERS Client Services

When can I retire?
How much will my pension be?
"I've spoken to hundreds of members about their OMERS pension and I'm frequently asked those two questions," says Irene Dailide, Senior Information Officer, OMERS Client Services.

"Members are often surprised to learn that OMERS early retirement options begin at age 55 or 50," she says. "And rather than working those extra years to receive an unreduced pension, members often opt for an earlier retirement date."

OMERS early retirement options for most members begin at age 55. Early retirement options for police officers and firefighters with a normal retirement age of 60 begin at age 50.

About your OMERS retirement options

What is my normal retirement date?
Your normal retirement date is the last day of the month in which you reach age 65 (or age 60 for police officers and firefighters).

If you retire on your normal retirement date, your OMERS pension begins the next day – the first day of the month following the month you retire. Your pension is based on your earnings and credited service earned to your retirement date, and there is no reduction.

When can I retire early?
You can retire once you are within 10 years of your normal retirement age. This is:

- **Age 55** for normal retirement age 65 (most members)
- **Age 50** for normal retirement age 60 (police and firefighters).

How much will my early retirement pension be?
To determine your pension, we look at the total of your credited service plus eligible service. If you have enough service, you can retire with an unreduced pension – your pension is based on your earnings and credited service, and there is no reduction. Otherwise, you can still retire early and you will receive a smaller annual pension over a longer period.

Can I work past my normal retirement age?
If you continue to work for an OMERS employer, or are paid past your normal retirement age, your active membership in OMERS will continue. However, the Primary Plan requires that you start your pension by the first of the month following the month you turn 69. At that time, we will provide you with a monthly pension whether or not you are still working, and you will no longer make contributions to OMERS.

How do I get an OMERS pension estimate?
Try our Retirement Income Estimator at **www.omers.com**. You can estimate your future retirement income, including your OMERS pension.

If you are getting close to retirement and have a specific retirement date, or

dates, in mind, we would be happy to provide you with an estimate of your OMERS pension. There are several ways to request an estimate:

- You can phone or write to OMERS Client Services.
- Or, either you or your employer can complete a *Form 190 – Request for a pension estimate* and submit it to OMERS.

Tip!
Ask for several dates when requesting an estimate – even if you have a specific date in mind. For example, get an estimate a year before and after the date you have in mind.

More information
For detailed information about OMERS early retirement options, visit the Members section at **www.omers.com**.

Case study

Jackie is 54 and has 27 years of credited service. Her normal retirement age is 65. Her early retirement options begin at age 55. Below is her estimated OMERS pension at three possible retirement ages.

Retirement age	Credited service (years)	"Best five" earnings*	Annual pension
55	28	$50,000.00	$25,200.00
56	29	$51,250.00	$28,238.75
57	30	$52,531.25	$31,518.75

* This is the annual average of Jackie's highest 60 consecutive months – her best five years – of contributory earnings, which are used to calculate her pension. To account for salary increases, her "best five" earnings have increased by 2.5% each year.

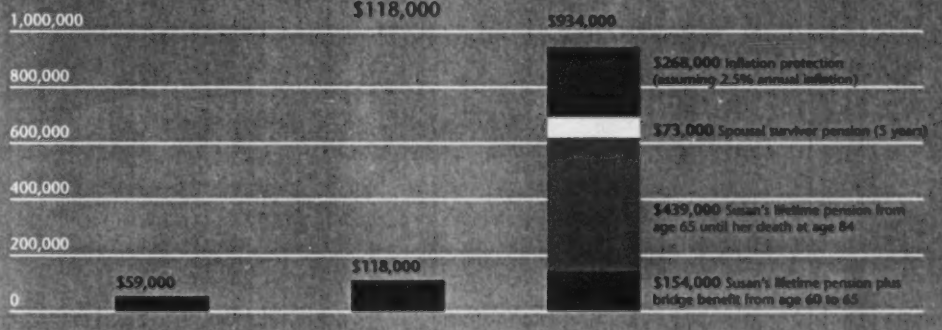
As Jackie looks at her estimated annual pension at the retirement dates, some things she will consider are:

- At 57, she has 30 years of service and is eligible for an unreduced pension.
- Retirement before age 57 means her pension is smaller but she can retire earlier and receive more years of pension.
- Similarly (although not shown above), retirement after age 57 means that her pension is bigger, but she has to work longer.

Note: At age 65, Jackie's pension will be reduced when the bridge benefit ends.

The OMERS difference

OMERS pensions are paid for life, and the total benefits paid can be substantial. OMERS pensions: solid financial benefits at a reasonable cost.


Susan's contributions to OMERS during her career: $59,000
Value of Susan's contributions + interest at retirement: $118,000
Total OMERS pension payments with inflation protection to Susan and her surviving spouse: $934,000
1,000,000
800,000
600,000
400,000
200,000
0
$934,000
$268,000 Inflation protection (assuming 2.5% annual inflation)
$73,000 Spousal survivor pension (5 years)
$439,000 Susan's lifetime pension from age 65 until her death at age 84
$154,000 Susan's lifetime pension plus bridge benefit from age 60 to 65
$59,000
$118,000

- Susan retires at age 60 with 32 years of service.
- As an OMERS member, Susan's contributions were matched by her employer.
- Susan's "best five" earnings used to calculate her pension are $48,000 per year.
- After Susan's death, her spouse is entitled to a lifetime survivor benefit. In this example, her spouse lives for five years after her death.

"Being an OMERS member gives me great value: guaranteed pension benefits, retirement security and inflation protection."

To find out how your OMERS pension will pay off when you retire, try our Retirement Income Estimator at www.omers.com, or call OMERS Client Services at 416-369-2444 or 1-800-387-0813.

Survivor benefits paid to set order

OMERS provides survivor benefits to your eligible spouse, eligible children, beneficiary or estate. An "order of entitlement" determines who gets the survivor benefit. The type of benefit depends on who is eligible and whether you die before or after your pension begins.

Order of entitlement: Eligibility for OMERS survivor benefits is based on an order of entitlement. Benefits are paid to:

1	2	3	4
Your eligible spouse	**Your eligible dependent children, if you don't have an eligible spouse**	**Your named beneficiary on file with OMERS**	**Your estate**

About the benefits

If you have an eligible spouse, your spouse has the following options:

- a pension based on your OMERS lifetime pension* earned to date of death; or
- a spousal refund provided that you have not started your OMERS pension.

If you do not have an eligible spouse, a pension is payable to your eligible dependent children, based on your OMERS lifetime pension earned to date of death.

If you do not have an eligible spouse and/or eligible dependent child(ren) and you have not started your OMERS pension, your beneficiary(ies) or estate is entitled to a refund. If you have started your OMERS pension, any residual refund (i.e., your contributions with interest minus any pension paid to you) is paid to your beneficiary or estate.

Definitions

The definitions of "lifetime pension," "eligible spouse" and "eligible dependent children" are very specific. For more information on OMERS survivor benefits, including definitions and OMERS order of entitlement, visit the Members section at **www.omers.com** or contact OMERS Client Services, or your employer.

* The survivor benefit is based on the lifetime pension only – OMERS bridge benefit is not included.

Can I have my survivor's entitlement go to a named beneficiary instead of an eligible spouse?

Unless your eligible spouse waives rights to the survivor benefit, he or she is first in line for the survivor benefit regardless of who you have named as beneficiary. (Your named beneficiary would only be entitled to any 50% Rule refund.**) If your eligible spouse waives rights to the survivor benefit and you do not have any eligible children, only then would your named beneficiary be first in line for the survivor benefit.

** *50% Rule refund: If your contributions plus interest from January 1, 1987 to your date of death are greater than 50% of the commuted value of your pension earned from January 1, 1987, we will refund the excess to your beneficiary or estate. The 50% Rule refund does not apply to you if you kept your pension in OMERS when you left your employer or if you've retired. In both cases, we would already have paid out any refund.*

Spotlight on: Borealis Infrastructure

OMERS *Member News* recently met with Sebastien Sherman, Vice President, Borealis Infrastructure to learn more about this OMERS investment division.

What is infrastructure?
Infrastructure is all around us. It's the services and facilities that support daily economic activity – examples include public transportation networks and energy transportation networks.

Why does OMERS invest in it?
Historically, virtually all infrastructure assets were owned by governments. In the past 20 years, there has been a substantive shift to involving the private sector in financing, developing and operating infrastructure facilities. The decision by OMERS to invest in infrastructure assets is based on an analysis which concluded infrastructure investments can provide OMERS with stable, long-term investment returns.

Describe an infrastructure investment
It's like buying a home. You determine your needs, pick a location, shop around, find a potential purchase, do a complete assessment, pre-arrange financing, and then negotiate with the seller – sometimes competing against multiple buyers.

It's not exactly this simple because it's what's involved in each step that takes time, effort and expertise.

Walk us through a typical investment process
Some of the best investment opportunities involve price-regulated, low-risk business monopolies. One such example is our investment in Scotia Gas Networks (SGN) which owns natural gas distribution networks in the UK. In 2003, Borealis began to analyze the UK gas-distribution industry when we became aware that National Grid was contemplating a partial sale of its operations. Our research indicated this would be an excellent investment at the right price, and we began to look for the right co-investors.

Installation of a natural gas pipeline in the service territory of Scotia Gas Networks

Why do you want co-investors?
Although we want sufficient ownership to influence how the company is run, we also want to manage our risk by investing with like-minded organizations. Co-investors can enhance the value of investments by contributing intellectual capital and expertise, and that is one of the reasons co-investors partner with Borealis. For this investment, we entered into an agreement with the Ontario Teachers' Pension Plan and Scottish and Southern Energy.

You've found co-investors, then what?
First, based on a recommendation and presentation from Borealis, OMERS decides what it's willing to pay. This decision is based on a rigorous assessment of the potential risks and investment returns. This analysis is often done while Borealis negotiates with its co-investors and the vendor. Then, there is the initial transition period followed by the long-term management and growth of the business.

How do you manage your investment afterwards?
Very actively, by establishing and supporting the company's management and making sure they have the best people to run things. Owning a 25% stake gives us significant influence on the affairs of the company. The access to timely information and oversight of management exceeds what a pension fund would typically have access to when it owns a small percentage of a public company.

What's next?
Borealis continues to analyze different industries in Canada and around the world looking for the right investments for OMERS.

Sebastien Sherman, Vice President, Borealis Infrastructure

Planning provides financial security

Carolyn MacDonald will tell you that planning for retirement has paid off. The public health nurse at the Region of Durham started the process 10 years ago. Next year, she'll retire at age 55 with an unreduced OMERS pension based on 30 years of service. Carolyn and her husband considered all sources of their retirement income in the planning process, as well as timing and other factors.

Retirement planning is personal. OMERS average early retirement age is 58 and with male life expectancy at 84 (87 for women), retirement can be almost as long as working life.

In looking ahead to retirement, Carolyn thought about where her kids would be in terms of their education. Would the mortgage be paid off? What about major purchases?

"You have to think long term – at least 10 years ahead," she says. "Once you hit five to 10 years before retirement, time moves quickly. You have to move to maximize financial benefits. The last five years have gone extremely fast."

Retirement planning requires a balance of living for today while saving for tomorrow. It helps to get a head start, including the security of an OMERS pension. "When you see the figures [from OMERS], you know the contributions you've paid for all those years have been worthwhile," says Carolyn.

OMERS member, Carolyn MacDonald, and her daughter, Mary

How much will you need?

Some financial experts recommend replacing 50-70% of your working income in retirement. This varies with lifestyle and expenses in retirement. Your travel expenses might increase. On the other hand, your work-related expenses will decrease. Carolyn went to an adviser about 10 years ago, to help her with the big picture.

Sources of retirement income

Income will come from several key sources, often referred to as the "three pillars": Your OMERS pension, government benefits, and any personal savings, such as RRSPs and property.

OMERS provides a lifetime pension. It's protected against inflation and has excellent survivor benefits. It is based on your "best five" years of salary and your years of credited service. You will also receive an OMERS bridge benefit if you retire before age 65.

Lifestyle planning

Retirement planning is also about lifestyle planning. How will you spend your time? Carolyn and her husband want to travel. She is interested in adult literacy and plans to volunteer in that field. She also plans to spend more time running.

Many retirees work – and this can be a fourth "pillar" of retirement income. Carolyn is excited about retirement, but says, "I will really miss the people contact. I will definitely do work with people when I retire, be it paid or as a volunteer."

Carolyn has a retirement dream. She started early and made a plan. Soon it will be a reality.

More online

Visit **www.omers.com** for the full version of this article.

This article is intended to provide information only. It is not intended nor should it be construed as providing investment, financial planning, tax or legal advice. OMERS is not endorsing any views that may appear in this article. Members' individual circumstances may differ and members should consult their own professional advisers when considering any particular investment or financial strategy.

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